



EARNINGS TELECONFERENCE

THIRD QUARTER - FISCAL 2018



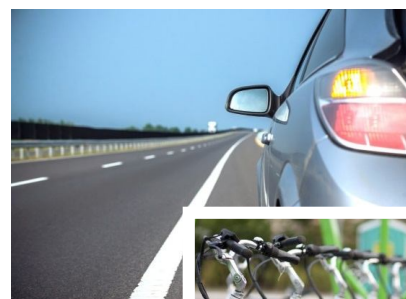
FORWARD LOOKING STATEMENTS

This presentation contains forward-looking statements based on management's current expectations, estimates and projections. All statements that address expectations or projections about the future, including our statements addressing our expectations for adjusted EPS growth, the factors we expect to impact earnings in each segment, our expectations for segment EBIT for each of our segments and for adjusted EPS for fiscal 2018 and our broad assumptions supporting these expectations, anticipated demand for our products; and our expected uses of cash, including for capital expenditures, are forward looking statements. These statements are not guarantees of future performance and are subject to risks, uncertainties, potentially inaccurate assumptions, and other factors, some of which are beyond our control and difficult to predict. If known or unknown risks materialize, or should underlying assumptions prove inaccurate, our actual results could differ materially from past results and from those expressed in the forward-looking statement. Important factors that could cause our results to differ materially from those expressed in the forward-looking statements include, but are not limited to lower than expected demand for our products; the loss of one or more of our important customers; our failure to develop new products or to keep pace with technological developments; unanticipated disruptions or delays in plant operations or development projects; patent rights of others; the timely commercialization of products under development (which may be disrupted or delayed by technical difficulties, market acceptance, competitors' new products, as well as difficulties in moving from the experimental stage to the production stage); changes in raw material costs; demand for our customers' products; competitors' reactions to market conditions; delays in the successful integration of structural changes, including acquisitions or joint ventures; the laws, regulations, policies and economic conditions, including inflation, interest and foreign currency exchange rates, of countries where we do business; global trade policies; and severe weather events that cause business interruptions, including plant and power outages or disruptions in supplier or customer operations. These factors are discussed more fully in the reports we file with the Securities and Exchange Commission, particularly our annual report on Form 10-K for the fiscal year ended September 30, 2017.

Q3 2018 HIGHLIGHTS

- ◆ *Delivered Q3 2018 adjusted EPS growth of 28%* as compared to the prior year
- ◆ *Strong commercial execution* resulting in volume growth and margin expansion
- ◆ *Capacity additions through advantaged debottlenecks and operational improvements* enabling volume growth in Reinforcement Materials and Performance Chemicals
- ◆ *Managing raw material variability* through operational flexibility and pricing
- ◆ *Key growth investments* on track
- ◆ *Dividend increased by 5%* in May 2018
- ◆ *Continued commitment to return cash to shareholders* with year-to-date fiscal 2018 dividends and share repurchases totaling \$119 million
- ◆ *Increased share repurchase authorization* with the expectation that we will repurchase shares totaling \$400 million over the next three years

			YoY
	Q3 2018	Q3 2017	Change
<i>(in millions, except per share amounts)</i>			
Diluted EPS	\$ 1.40	\$ 0.73	92%
Adjusted EPS	\$ 1.06	\$ 0.83	28%
Revenue	\$ 854	\$ 705	21%
Total Segment EBIT	\$ 127	\$ 99	28%
Adjusted EBITDA	\$ 149	\$ 127	17%



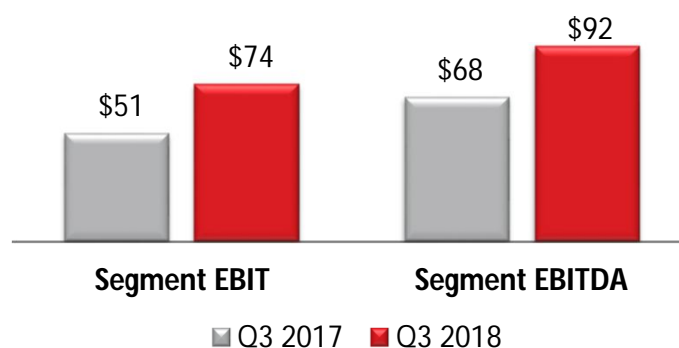
REINFORCEMENT MATERIALS SEGMENT OPERATING PERFORMANCE

Q3 FISCAL 2018 HIGHLIGHTS

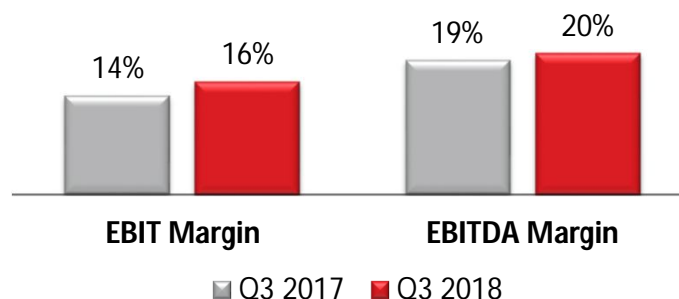
- ◆ Strong commercial execution
- ◆ Delivered above-market volume growth in all regions
- ◆ Higher spot pricing
- ◆ Improved pricing and product mix from calendar year 2018 tire customer agreements



SEGMENT EBIT AND EBITDA (\$ MILLIONS)



SEGMENT EBIT AND EBITDA MARGINS



FISCAL 2018 OUTLOOK

- ◆ Robust performance expected to continue due to excellent commercial execution and advantaged leadership position
- ◆ Higher level of turnaround and maintenance related activity anticipated in Q4



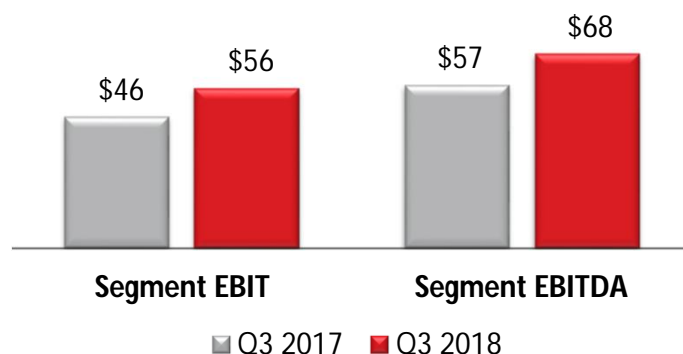
PERFORMANCE CHEMICALS SEGMENT OPERATING PERFORMANCE

Q3 FISCAL 2018 HIGHLIGHTS

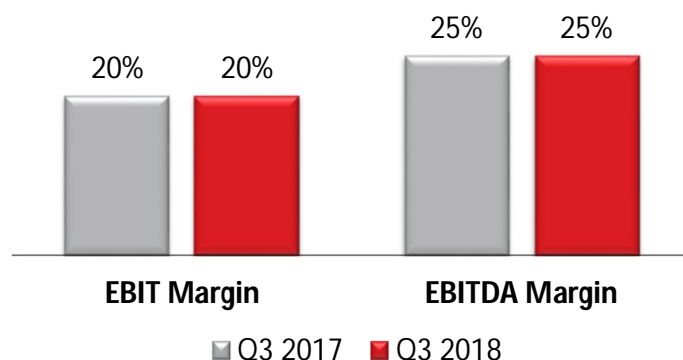
- ◆ Pricing realization to recover rising feedstock costs
- ◆ Above-market volume growth in Specialty Carbons and Formulations (+17%), including the benefit from our TechBlend acquisition
- ◆ Strong mix contribution from targeted application development



SEGMENT EBIT AND EBITDA (\$ MILLIONS)

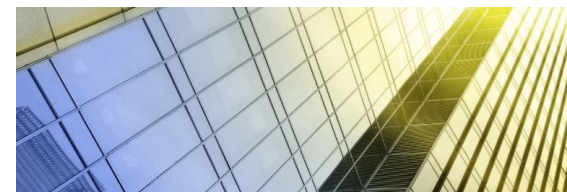


SEGMENT EBIT AND EBITDA MARGINS



FISCAL 2018 OUTLOOK

- ◆ Pricing actions to recover rising feedstock costs
- ◆ Continue to deliver volume growth in Specialty Carbons and Formulations
- ◆ Impact from scheduled turnarounds at Metal Oxides feedstock partner plants in Q4



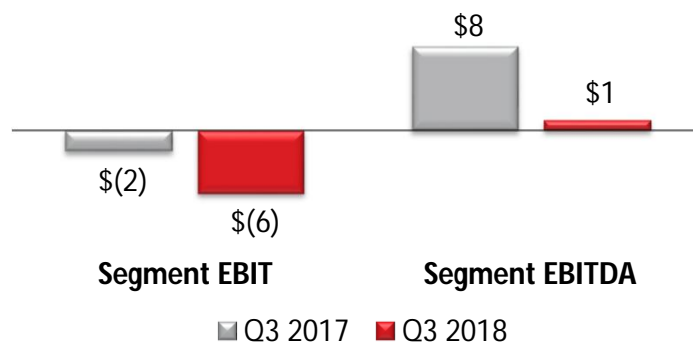
PURIFICATION SOLUTIONS SEGMENT OPERATING PERFORMANCE

Q3 FISCAL 2018 HIGHLIGHTS

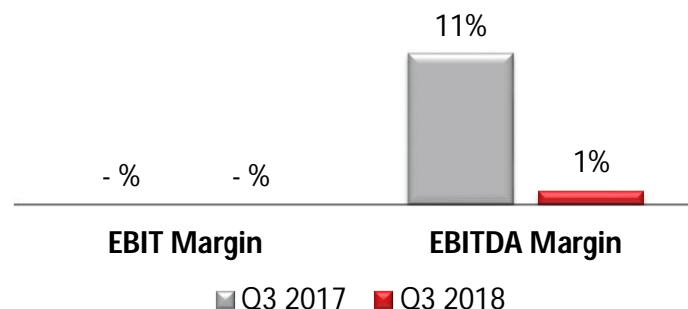
- Competitive landscape in mercury removal and North America powder applications drove lower volumes and margins
- Lower fixed costs due to restructuring efforts executed earlier in the year



SEGMENT EBIT AND EBITDA (\$ MILLIONS)



SEGMENT EBIT AND EBITDA MARGINS



FISCAL 2018 OUTLOOK

- Sequential improvement expected due to higher seasonal volumes and lower fixed costs
- Continue to explore strategic alternatives



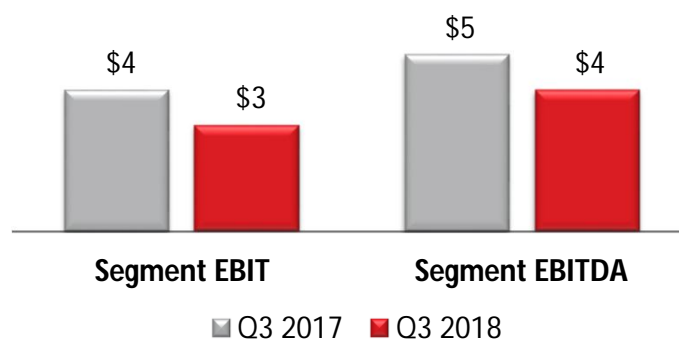
SPECIALTY FLUIDS SEGMENT OPERATING PERFORMANCE

Q3 FISCAL 2018 HIGHLIGHTS

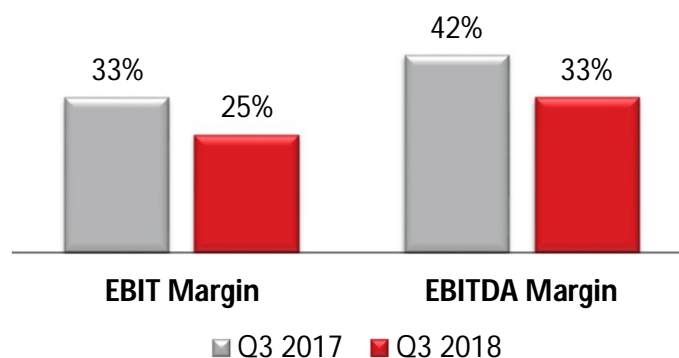
- ♦ Recent commercial success in Middle East and Africa drove new project activity during the quarter
- ♦ Positioned well for strong fourth quarter of fiscal 2018



SEGMENT EBIT AND EBITDA (\$ MILLIONS)



SEGMENT EBIT AND EBITDA MARGINS



FISCAL 2018 OUTLOOK

- ♦ Continued ramp-up of drilling activity in the fourth quarter due to recently awarded projects



CORPORATE FINANCIAL ITEMS¹



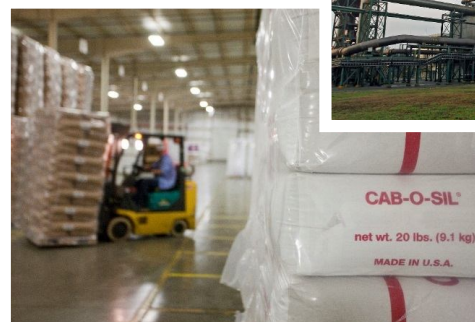
- ✓ Liquidity remains strong at \$828 million
- ✓ Cash flow from operations of \$62 million; DFCF² of \$81 million
- ✓ Capital expenditures of \$58 million; \$250 million forecasted for fiscal 2018
- ✓ Dividends of \$21 million and share repurchases of \$43 million
- ✓ Year-to-date and forecasted operating tax rate of 21%

1. All amounts are for the third quarter fiscal 2018 or as of June 30, 2018, unless otherwise specified

2. Discretionary Free Cash Flow. Refer to Non-GAAP Measures

LOOKING AHEAD...

- ✓ Capitalizing on strong fundamentals
- ✓ Reinforcement Materials 2019 customer agreements
- ✓ Capacity expansions on track
- ✓ Performance Chemicals price increases
- ✓ Marine Pollution (MARPOL) Regulations
- ✓ US / China tariffs



FISCAL 2018 FINANCIAL PERFORMANCE OUTLOOK

Raising the floor and narrowing the range of adjusted earnings per share guidance

REINFORCEMENT MATERIALS

\$275M - \$285M



PERFORMANCE CHEMICALS

\$205M - \$215M



PURIFICATION SOLUTIONS

(\$5)M - \$0M



SPECIALTY FLUIDS

\$0M - \$5M



**Segment
EBIT**

Adjusted earnings per share \$4.00 - \$4.20



Q&A



USE OF NON-GAAP FINANCIAL MEASURES & DEFINITIONS OF TERMS USED

Use of Non-GAAP Financial Measures

This presentation includes references to adjusted earnings per share (EPS), total segment EBIT, segment EBITDA, adjusted EBITDA, discretionary free cash flow and operating tax rate, which are non-GAAP measures. Reconciliations of adjusted EPS to EPS from continuing operations, Total segment EBIT to Income (Loss) from continuing operations before income taxes and equity in earnings of affiliated companies, and operating tax rate to effective tax rate, the most directly comparable GAAP financial measures, are provided in the tables included in our third quarter earnings release and filed on our Current Report on Form 8-K/A dated August 6, 2018 and filed on August 7, 2018.

Reconciliations for Total Segment EBIT and segment EBITDA for each segment are included in the following slides.

This presentation also includes our forecast of adjusted EPS for fiscal 2018. We do not provide a forecast for GAAP EPS or reconcile either our forecast of adjusted EPS to GAAP EPS or our expected adjusted EPS growth rate range with a GAAP EPS growth rate range because, without unreasonable effort, we are unable to predict with reasonable certainty the matters we would allocate to “certain items,” including unusual gains and losses, costs associated with future restructurings, acquisition-related expenses and litigation outcomes. These items are uncertain, depend on various factors, and could have a material impact on GAAP EPS in future periods.

To calculate “Discretionary Free Cash Flow” we deduct sustaining and compliance capital expenditures and changes in Net Working Capital from cash flow from operating activities.

Explanation of Terms Used

Product Mix. The term “product mix” refers to the mix of types and grade of products sold or the mix of geographic regions where products are sold, and the positive or negative impact this has on the revenue or profitability of the business or segment.

Net Working Capital. The term “net working capital” includes accounts receivable, inventory and accounts payable and accrued liabilities.

NON-GAAP FINANCIAL MEASURES

TOTAL SEGMENT EBIT AND ADJUSTED EBITDA

Our Chief Operating Decision Maker uses segment income (loss) from continuing operations before interest and taxes (which we refer to as segment “EBIT”) to evaluate the operating results of each segment and to allocate resources to the segments. We believe Total segment EBIT, which reflects the sum of EBIT from our 4 reportable segments, provides useful supplemental information for our investors as it is an important indicator of the Company’s operational strength and performance, allows investors to see our results through the eyes of management, and provides context for our discussion of individual business segment performance. Total segment EBIT is a non-GAAP financial measure, and should not be considered an alternative for Income (loss) from continuing operations before income taxes and equity in earnings of affiliated companies, which is the most directly comparable GAAP financial measure. In calculating Total segment EBIT, we exclude from our income (loss) from continuing operations before income taxes and equity in earnings of affiliated companies: (i) items of expense and income that management does not consider representative of our fundamental on-going segment results, which we refer to as “certain items”, and (ii) items that, because they are not controlled by the business segments and primarily benefit corporate objectives, are not allocated to our business segments, such as interest expense and other corporate costs, which include unallocated corporate overhead expenses such as certain corporate salaries and headquarter expenses, plus costs related to special projects and initiatives, which we refer to as “other unallocated items”. Management believes excluding the items identified as certain items facilitates operating performance comparisons from period to period by eliminating the differences caused by the existence and timing of certain expenses and income items that would not otherwise be apparent on a GAAP basis. Investors should consider the limitations associated with this non-GAAP measure, including the potential lack of comparability of this measure from one company to another. A reconciliation of Total segment EBIT to Income (loss) from continuing operations before income taxes and equity in earnings of affiliated companies is below.

	Q3 2018	Q3 2017	Q2 2018
Income (loss) from continuing operations before income taxes and equity in earnings of affiliated companies	\$ 95	\$ 68	\$ (171)
Less: Certain items	(3)	(2)	(264)
Less: Other unallocated items	(29)	(29)	(34)
Total Segment EBIT	\$ 127	\$ 99	\$ 127
Plus: Total Depreciation & Amortization	38	39	40
Plus: Adjustments to Depreciation ^(c)	(1)	-	1
Less: Unallocated Corporate Costs	15	11	16
Adjusted EBITDA	\$ 149	\$ 127	\$ 152

NON-GAAP FINANCIAL MEASURES

SEGMENT EBITDA

Segment EBITDA is comprised of Segment EBIT plus depreciation and amortization. Management believes that Segment EBITDA is useful supplemental information because it provides investors with a view of the cash generated by each of the Company's segments, which is available to fund operating needs such as working capital and capital expenditures as well as the cost of financing the Company's capital needs and returning cash to shareholders.

	Q3 2018	Q3 2017	Q2 2018
Reinforcement Materials EBIT	\$ 74	\$ 51	\$ 79
Plus: Depreciation & Amortization	18	17	18
Reinforcement Materials EBITDA	\$ 92	\$ 68	\$ 97

	Q3 2018	Q3 2017	Q2 2018
Performance Chemicals EBIT	\$ 56	\$ 46	\$ 57
Plus: Depreciation & Amortization	12	11	12
Performance Chemicals EBITDA	\$ 68	\$ 57	\$ 69

	Q3 2018	Q3 2017	Q2 2018
Purification Solutions EBIT	\$ (6)	\$ (2)	\$ (6)
Plus: Depreciation & Amortization	7	10	10
Purification Solutions EBITDA	\$ 1	\$ 8	\$ 4

	Q3 2018	Q3 2017	Q2 2018
Specialty Fluids EBIT	\$ 3	\$ 4	\$ (3)
Plus: Depreciation & Amortization	1	1	1
Specialty Fluids EBITDA	\$ 4	\$ 5	\$ (2)

NON-GAAP FINANCIAL MEASURES

DISCRETIONARY FREE CASH FLOW

To calculate “Discretionary Free Cash Flow” we deduct sustaining and compliance capital expenditures and changes in Net Working Capital from cash flow from operating activities.

	Q3 2018
Cash flow from operating activities ^(A)	\$ 62
Less: Changes in net working capital ^(B)	(58)
Less: Sustaining and compliance capital expenditures	39
Discretionary Free Cash Flow	\$ 81

(A) As provided in the Condensed Consolidated Statement of Cash Flows.

(B) Defined as changes in accounts receivable, inventory and accounts payable and accrued liabilities as presented on the Condensed Consolidated Statement of Cash Flows.